

# **Ending Homelessness: The One Percent Solution**

**Chapter 26**

## **Finding Room: Options for a Canadian Rental Housing Strategy**

**Edited by J. David Hulchanski and Michael Shapcott**

CUCS Press  
Centre for Urban and Community Studies  
University of Toronto

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ISBN 0-7727-1433-9

Printed by University of Toronto Press Incorporated  
Cover design by Ireland + Associates, Toronto  
Cover illustration by Tim Zeltner / i2i Art, Toronto  
Editing by Philippa Campsie, Toronto  
Printed in Canada

CUUCS Press  
Centre for Urban and Community Studies  
University of Toronto  
455 Spadina Avenue, Suite 400  
Toronto, Ontario, Canada M5S 2G8  
[www.urbancentre.utoronto.ca](http://www.urbancentre.utoronto.ca)



Printed on acid-free paper

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Library and Archives Canada Cataloguing in Publication

Finding room : options for a Canadian rental housing  
strategy / edited by J. David Hulchanski and Michael Shapcott.

ISBN 0-7727-1433-9

1. Rental housing – Canada. 2. Housing policy – Canada.  
I. Hulchanski, John David II. Shapcott, Michael III. University of  
Toronto. Centre for Urban and Community Studies.

HD7288.85.C2F44 2004      363.5'0971      C2004-903000-0

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The University of Toronto's Centre for Urban and Community Studies acknowledges with thanks the financial support of the TD Bank Financial Group and Canada Mortgage and Housing Corporation. The analysis and interpretations provided in this book are those of the individual contributors and do not necessarily represent the views of the financial contributors or of the Centre for Urban and Community Studies.

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## Chapter 26

# Ending Homelessness: The One Percent Solution

NATIONAL HOUSING AND HOMELESSNESS NETWORK

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United States Senator Everett Dirksen is reported to have said: “A billion dollars here, a billion dollars there, and pretty soon you’re talking about real money.”<sup>1</sup>

That’s the idea behind the One Percent Solution. An additional 1% of the federal budget devoted to housing would mean \$2 billion in new funding for social housing annually. Over time, those dollars would add up to tens of thousands of new affordable homes, sustainable housing-related programs and services, and a sharp drop in homelessness and the housing crisis.

The One Percent Solution was proposed by the Toronto Disaster Relief Committee in 1998 as it launched its Disaster Declaration campaign. The TDRC called on senior levels of government to recognize that homelessness is a national disaster. In November 1998, about one month after TDRC launched its initiative, the mayors of Canada’s biggest cities endorsed the declaration. Soon after, many other municipalities, organizations, and individuals joined the campaign.<sup>2</sup>

The housing campaign was adopted by the National Housing and Homelessness Network when it was formed in March 1999 at a national symposium in Toronto. The NHHN has grown to be a network of groups and individuals from Vancouver to St. John’s that is one of the four leading national voices on affordable housing issues in Canada.

The One Percent Solution is based on the observation of Dr. David Hulchanski, a leading Canadian housing scholar, that: “Canada spends only about one percent of its budget on programs and subsidies for all

the social housing ever built across the country.”<sup>3</sup> Total budgetary spending by the federal government was \$170 billion in 2002–2003.<sup>4</sup>

Housing program expenses by Canada Mortgage and Housing Corporation, the government’s housing agency, were about \$1.8 billion in 2002,<sup>5</sup> or about 1% of overall federal spending. However, there have been cuts to housing programs in recent years. For instance, CMHC annual reports note that housing program expenses were \$1.9 billion or higher in earlier years. So advocates rounded off the 1% calculation to an even \$2 billion – and that’s the target of the One Percent Solution.

Starting in 1984 and continuing throughout the 1990s, the federal government and most provinces cut back on housing programs. In 1996, the federal government announced plans to download federal social housing programs to the provinces and territories. The One Percent Solution would reverse this erosion of federal and provincial housing initiatives and support a comprehensive national housing strategy. Local communities, after identifying their particular needs and the most appropriate responses, would be able to use the funding to get the housing built and provide the services that are needed.

Provinces, territories, municipalities, community-based organizations, and the private sector all have a role to play in this new strategy. Each can bring additional money and other resources to the table. But leadership would come from the national government.

### **Restoring Federal Leadership on Housing**

Over the years, there have been constitutional debates within Canada about which level of government should take responsibility for particular policy areas. Housing is not specifically mentioned in the country’s original constitution (the *British North America Act*), but there was a move in the 1980s to link housing with property. Responsibility for property-related matters is assigned by the constitution to the provinces and territories.

The Charlottetown Accord of August 1992, signed by federal, provincial, and territorial officials, specifically mentioned housing as a provincial/territorial responsibility: “Exclusive provincial jurisdiction over housing should be recognized and clarified through an explicit constitutional amendment and the negotiation of federal-provincial agreements.”<sup>6</sup> The Accord called on the senior levels of government to negotiate a series of bilateral deals to set out the details of the various policy areas.

The Accord was politically controversial and a national referendum was called. The vote was held on October 26, 1992, and Canadians rejected the Charlottetown Accord. Despite that rejection, however, the federal government announced plans in 1996 to transfer administration of federal housing programs to the provinces and territories – despite the fact that this download was part of the rejected Charlottetown deal. The Co-operative Housing Federation of Canada mounted a national campaign and, by 1999, succeeded in removing co-ops from the downloading plans. The rest of the federal social housing programs, however, were transferred to the provinces and territories.

The One Percent Solution would reverse the trend that started with the Charlottetown Accord and the 1996 federal transfer and ensure that housing remains a federal responsibility. There are three key reasons why housing should be a federal responsibility:

- the federal government has the strongest fiscal base, which makes it the best candidate to lead housing policy;
- only the federal government can set national standards for housing policy;
- Canada has signed treaties and other international instruments that recognize housing as a right and place an obligation on the federal government to ensure that this right is upheld.<sup>7</sup>

The need for national standards in a federal country like Canada is recognized in other social policy areas, notably health. Although health care is assigned to provincial jurisdiction under Canada's constitution, the *Canada Health Act* sets national principles and a funding program. The act states:

It is hereby declared that the primary objective of Canadian health care policy is to protect, promote and restore the physical and mental well-being of residents of Canada and to facilitate reasonable access to health services without financial or other barriers.<sup>8</sup>

Libby Davies, MP for Vancouver East, has proposed a National Housing Bill of Rights that would, in the words of the draft legislation, "provide for adequate, accessible and affordable housing for Canadians."<sup>9</sup> It would set similar goals as the *Canada Health Act*.

The Housing Bill of Rights was introduced for first reading as Bill C-416 in the House of Commons on November 28, 2001. Under the rules of Parliament, a private member's bill must go to a Commons committee (with a majority of members from the governing Liberal

party) to determine whether it is “votable.” The Housing Bill of Rights was denied this status. After a Parliamentary debate, the bill lapsed without coming to a vote. But advocates have called for the bill to be reintroduced and given proper voting status.

### A Comprehensive National Solution

Many national organizations, local groups, and housing advocates have endorsed the One Percent Solution. An enhanced funding envelope (combined with existing housing spending) would allow the federal government to adopt a comprehensive national housing strategy that would address:

- the supply of housing, by increasing the number of rental units;
- affordability, by ensuring that the new units are affordable to the households in the greatest need of new housing;
- housing supports, that is, programs for those who require special services;
- rehabilitation, through funding to maintain housing at a proper standard;
- emergency relief, in the form of special support for people who are already homeless.

The first four are prevention strategies, aimed at ensuring that everyone has access to good quality, affordable housing. The fifth offers relief, aimed at providing a basic level of comfort for those who are on the streets and assistance to help them secure permanent homes. Details of programs aimed at these five elements need to be developed in consultation with public, private, and non-profit experts. New programs would have to be targeted to make sure that the housing and services meet the needs of low and moderate-income households.

#### *Supply*

New social housing supply is essential if Canada is to end its housing crisis. While the social housing programs of the 1970s to the 1990s produced hundreds of thousands of good-quality, affordable units that continue to provide good homes to many Canadians, the programs were administratively cumbersome. A large staff was required to oversee complicated capital subsidy formulas. Few governments, and even fewer social housing providers, want to return to these programs. An alternative would be to offer one-time only capital grants to stimulate new sup-

ply. These would be administratively efficient while still ensuring proper accountability for public funds.

### *Affordability*

In addition to new supply, there is an urgent need to increase the rent supplements available to low- and moderate-income households. These supplements would be available to both private and non-profit housing providers, based on a contract with the landlord that ensures the property is well maintained and remains affordable over time.

A number of recent major studies on housing and homelessness, including the Federation of Canadian Municipalities National Housing Policy Options Paper and the Toronto Mayor's Homelessness Action Task Force (the Golden report), recommend an expanded program of rent supplements. A rent supplement program to assist about 160,000 tenant households would cost about \$500 million annually.

### *Supports*

Some homeless people and renter households require specialized social support services to help them find or maintain housing. Many provinces, including Ontario, maintain modest supportive housing programs for those with special needs. About 10,000 units of supportive housing could be funded with \$125 million annually.

### *Rehabilitation*

The federal government's Residential Rehabilitation Assistance Program (RRAP) has been effective over the years in providing funds to upgrade properties and maintain them at appropriate standards. In recent years, the RRAP mandate has been expanded to include rental and homelessness initiatives. RRAP is due to expire, and the federal government has started a consultation process on extending the program. A budget of \$125 million would allow the federal government to double the amount of RRAP assistance, which would provide help to 30,000 households annually.

### *Emergency relief*

The federal homelessness strategy is also due to expire, and the federal government has announced a consultation process on renewing this

important program. An allocation of \$250 million would allow the federal government to double the amount of homelessness strategy money available annually, and increase funding for services and programs that provide immediate relief and transitional housing for homeless people and those at risk of homelessness.

Matching funds from the provinces and territories (an additional \$2 billion annually) would double these housing and homelessness initiatives.

### Local Delivery of a National Strategy

While the One Percent Solution places the overall leadership for housing policy at the federal level, it recommends that local communities – which are best placed to assess the local situation – have the flexibility to create particular solutions to specific needs.

Housing advocates have succeeded in recent years in getting the government to put in place a patchwork of housing and homelessness funding. The federal homelessness strategy, announced in December 1999, created a funding envelope of \$753 million over three years, but assigned the responsibility for delivery to local homelessness communities in ten designated communities across the country. The federal affordable housing program, announced in November 2001, created a funding envelope of \$680 million over five years, but assigned delivery to provincial and territorial governments.

The housing program has become snared in a federal-provincial-territorial quagmire, but the homelessness initiative (including a three-year renewal announced in the 2003 federal budget) has been delivered effectively by local communities under national standards and with national funding.

The first stage in local delivery in the homelessness funding was the creation of local committees that included municipal officials, community partners, and – in some cases – private-sector representatives. The local committees consulted and developed community plans for addressing homelessness that identified target groups (such as urban Aboriginal people, youth, single mothers, single adults, seniors, mental health consumer/survivors, homeless) and then developed specific solutions (such as transitional housing, emergency shelters, food programs, mental health services, Aboriginal programs, and prevention initiatives). Then, in most cases, a proposal call was made to solicit specific ideas,

which were then assessed to ensure that they met the needs identified in the community plans.

*The National Housing and Homelessness Network was formed in March 1999 by community-based housing and homelessness advocates from across Canada. It provides a national forum for provincial, territorial and regional housing groups to share information and collaborate on common campaigns. The One Percent Solution (\$2 billion annually from the federal government for a comprehensive national housing strategy) is the key goal of the NHHN. Participating groups include the B.C. Housing and Homelessness Network, Housing and Homelessness Network in Ontario, and FRAPRU and RAPSIM in Quebec, along with regional groups based in more than two dozen communities across the country from Vancouver, B.C., to St. John's, Newfoundland. At the national level, the NHHN works with the National Housing Policy Options Team of the Federation of Canadian Municipalities, the Canadian Housing and Renewal Association and the Co-operative Housing Federation of Canada. Contact: National Housing and Homelessness Network, c/o Toronto Disaster Relief Committee, Telephone – 416-599-8372. Facsimile – 416-599-5445. E-mail: tdrc@tdrc.net.*

## Endnotes

- 1 The senator may never have actually said the famous words attributed to him. See, for instance, research posted at the Dirksen Congressional Center at <http://www.dirksencenter.org/featuresBillionHere.htm>.
- 2 For more information, see the TDRC website: [www.tdrc.net](http://www.tdrc.net).
- 3 Hulchanski, J David, "Housing Policy for Tomorrow's Cities," Discussion Paper F/27, December 2002, Canadian Policy Research Networks, p. iv.
- 4 Finance Canada, Fiscal Reference Tables, October 2003, p. 15.
- 5 Canada Mortgage and Housing Corporation, *Opening Doors*, 2002 Annual Report, p. 8.
- 6 Consensus Report on the Constitution (Charlottetown Accord), August 28, 1992, Final Text, clause 33.
- 7 These rights were also prominent in *Finding Room: Housing Solutions for the Future*, Report of the National Liberal Caucus Task Force on Housing, 1990, co-chairs, Paul Martin and Joe Fontana. See Appendix E for excerpts from this report.
- 8 *Canada Health Act*, section 3.
- 9 The full text of the Housing Bill of Rights, Bill C-416, is in Appendix B.